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Lewis MacDonald
Convener
Health and Sport Committee
T3.60
The Scottish Parliament
Edinburgh
EH99 1SP

Date 4 May 2018
Your Ref
Our Ref JGB/lp
Enquiries to Laura Parker
Extension 13628
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Dear Mr MacDonald

Thank you for your letter of 18th April 2018 seeking further information relating to

- Brokerage and repayment
- What steps we are taking to deliver services within the resources available in future years
- The movement from a projected £20million overspend to £23million

I can confirm that NHS Ayrshire and Arran has received £23million of brokerage for the year ending 2017/18. In providing brokerage, our colleagues in Scottish Government have advised that they expect our immediate focus to be on developing our plan to return to financial balance. Once we have that in place, the position on brokerage and the repayment profile will be reviewed; the purpose of this approach being to maintain the safe provision of services. In order to meet our requirement to deliver services within the Revenue Resource Limit, NHS Ayrshire and Arran is scrutinising its operational spend and recognises that we need to redesign the way that we provide health care through a transformational approach. Areas included in our work build on the information that we have provided in evidence and previous correspondence with the Committee.

- Reviewing all aspects of revenue spend to identify cost efficiencies;
 - Workforce costs including use of agency staff/medical locums
 - Procurement spend
 - Energy spend
 - Effective use of medicines
 - Estate utilisation
 - Review of specialty costs through benchmarking
- Transforming the way services are delivered;
 - Enhancing community rehabilitation and care model to support citizens in their home and reduce use of excess unscheduled care beds



- Reviewing care pathways to eliminate waste and unwarranted variation; working with Primary and Secondary Care
- Mental Health and Learning Disability review
- Use of digital solutions to support self care and increase patient facing time for community clinical staff
- Estate rationalisation
- Best value through quality improvement

NHS Ayrshire and Arran is addressing this issue over short, medium and longer term timelines as there is a need to consider the best model of care that will deliver sustainable services delivered to the principle of best value and support the population need as it changes. The model of care work will link to the emerging regional delivery plan.

Turning to the movement in our year end projection, I can advise the Committee that I meet with my Finance Director on a regular basis and we review the revenue position in relation to spend and the efficiency plan. We had identified 3 main risks to our forecast and these matters were subject to ongoing discussion when we attended the Committee in December, The matters I refer to were;

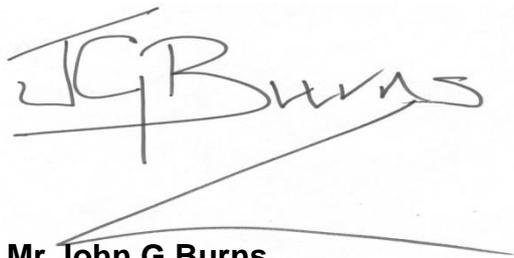
- Demand on unscheduled care and the use of additional beds to meet this
- Stretch targets for prescribing efficiency and the impact of higher prices for some medicines
- Delivery of cash efficiencies in some Directorates.

Following a further review of these risks toward the end of December we felt that we would require to change our forecast as we felt that our stretch targets for prescribing and the difficulties of meeting efficiency targets for two of our Directorates would not be met in the last quarter of the financial year.

I trust that this is helpful to the Committee and I am of course happy to provide further information if required.

Kind regards

Yours sincerely

A handwritten signature in black ink, appearing to read 'J G Burns', with a long horizontal line extending from the end of the signature.

Mr John G Burns
Chief Executive